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## SPECIAL ANALYSIS

### POLAND: Settlement Implications

[REDACTED]

*The agreement Sunday between the government and strikers in Gdansk will end Poland's immediate labor crisis. The agreement, however, will usher in a period of political turmoil that could last several years.* [REDACTED]

During this post-strike period, a weakened party leadership can be expected to engage in a contest of will and guile with a defiant and politically conscious working class. Political dissidents, emboldened by the workers' success, will seek to give the new free trade unions political direction. [REDACTED]

The Soviets, whether or not consulted about the final accord, will be watching events with great suspicion, and Polish-Soviet relations will be tense. The other East European leaders, already concerned about possible ripple effects, will probably heighten security but also be more attentive to popular grievances. [REDACTED]

The accord allowing free and independent trade unions will differentiate Poland even more from its Warsaw Pact allies, giving it an independent workers' lobby to go along with an independent Church and independent farmers. For the time being, therefore, Poland will move toward a more liberal and open society. [REDACTED]

#### The Trade Union Issue

The regime conceded the issue of free trade unions because it realized it was running out of time and options. It tried, at the same time, to remove the political sting from this concession by obligating the new unions to recognize Communism and the party as the source of authority. These provisions were necessary to sell

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the agreement to the party leadership and perhaps to Moscow, and to provide a lever for influencing the behavior of the unions. [REDACTED]

The regime, clearly starting from a position of great weakness, will seek to focus the activity of the new unions on local economic issues and to prevent the unions from posing as guarantors of political liberalization. [REDACTED]

Keeping the unions out of the political area will, however, be a difficult and conflict-ridden process. The strike leaders and perhaps the workers in general are very conscious of the political power they can exert and for at least some time will be flexing their muscles. A key problem is that union pressure on economic issues can lead to politically sensitive discussion of national economic priorities--including defense spending and Polish-Soviet economic relations--that are decided privately in Warsaw. [REDACTED]

#### Economic Factors

The regime will have to dedicate more resources to consumption both as a consequence of the economic promises it has made and in reaction to the mere existence of the new workers' lobby. But Poland cannot meet the costs of increasing the workers' standard of living and improving the country's balance of payments without additional Soviet and/or Western aid. Western bankers may be reluctant to lend to Poland without the adoption of rigorous reform and austerity measures. [REDACTED]

The events of the last two months and the terms of the strike settlements do not augur well for economic reform, however. The emphasis in the agreement on higher wages and benefits in a framework of greater price stability will not promote greater economic efficiency, essential to a solution of Poland's economic problems. Furthermore, the leadership changes late last month apparently place direction of the economy in the hands of advocates of managerial improvements. Their approach, however, rejects introduction of important elements of

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market-type economies. Stefan Olszowski, for example, who was recalled last week to the top leadership and who evidently will have a large voice in economic policy, told [REDACTED] last year that he opposes wage and price flexibility. This essentially administrative approach to economic reform has not in the past significantly boosted efficiency in Poland or elsewhere in Eastern Europe. [REDACTED]

#### The Leadership

The party leadership has been weakened and divided by the crisis, and the lengthy process of implementation of the agreement will generate even more pressure and conflicts. It is doubtful that Gierek can ever play the leading role he once did, and he probably has already come under strong pressure to step down. The Soviets, however, might for now at least want Gierek to remain in place as a sign that the party leadership has not been undermined by the concessions. Nevertheless, political leadership will probably fall increasingly to the younger generation including Olszowski and Stanislaw Kania, a party secretary who played a major role in the crisis. [REDACTED]

#### Dissidents

Polish dissidents will probably increase their activities and gain new adherents. They have long argued that society should make demands of its rulers. The dissidents have advised the workers over the past two months and will try to help the fledgling unions, but the regime will make a determined effort to prevent the dissidents from giving political direction to union work. [REDACTED]

#### The Church

The status of the Church will probably not be much affected. The regime undoubtedly needed and appreciated its calming influence, but the Church did not play a key role in resolving the crisis, and the regime probably feels under no great compulsion to grant the Church many

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of its longstanding demands. Because Polish Catholicism runs deep, the Church probably did not lose any standing with the population even though many Poles initially saw its statements as siding too closely with the government's position.

#### The Soviets

Moscow's belated acknowledgement of the settlement, its refusal to permit details of the accord to reach domestic Soviet audiences, its attacks over the weekend on "antisocialist elements" in Poland, and its indirect criticism of Gierek's "weak leadership" indicate deep concern with the accords, their implication for Polish politics, and their potential impact on the Soviet domestic scene.

The Soviets, however, appear to have given grudging acceptance to the accords and have offered a measure of endorsement to the regime's tactics in resolving the crisis. They have apparently decided that however unpalatable the concessions on independent trade unions and relaxation of censorship, they were essential to defuse the immediate crisis.

It seems likely, however, that over the next few months the Soviets will be watching for signs that the party is yielding any of its authority to the new unions. The Soviets are sure to maintain pressure on Gierek and the Polish party to interpret the concessions narrowly and to erode them where possible. The limited Soviet comments on the accords so far, for example, suggest Moscow will try to get Warsaw to restrict the scope of the new union's charter to economic and social issues.

The Soviets are likely to issue further stern and critical broadsides about the situation in Poland. The first one, put out in yesterday's *Pravda* under an authoritative pseudonym, attacked "counterrevolutionary elements" in Poland who are attempting to "destroy the link between the party and the working class." In addition to cautioning the Polish leadership, such commentaries serve to warn the other East Europeans not to view the settlement as an indication of Soviet mellowing or weakness.

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